

## Message Text

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17

ACTION EA-09

INFO OCT-01 AF-08 ARA-06 EUR-12 NEA-10 ISO-00 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04

TRSE-00 ACDA-07 FEA-01 /135 W  
----- 022750

P R 080900Z SEP 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 6623

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

OECD PARIS 1048

EC BRUSSELS 0268

AMEMBASSY SINGAPORE

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY TOKYO

USINT BAGHDAD

AMCONSUL HONG KONG

AMCONSUL MEDAN

AMCONSUL SURABAYA

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E.O. 11652: GDS

TAGS: ENRG, ID, OPEC  
SUBJECT: OPEC AND INDONESIA

1. GOI MINISTER OF MINES AND CURRENT OPEC PRESIDENT MOHAMMED SADLI HAS INDICATED THAT IT IS UNLIKELY ANY SPECIAL OPEC MINISTERIAL MEETING WILL BE CONVENED BEFORE DOHA'S DECEMBER CONFERENCE. THIS VIEW CONVEYED TO EMBOFF BY GOI'S CHIEF WORKING-LEVEL DELEGATE TO OPEC, ADIMIR ADIN, ON AFTERNOON SEPT. 7. ADIN SAID SADLI HAD PREVIOUSLY DEBRIEFED KEY MEMBERS OF PERTAMINA AND OIL AND GAS DIRECTORATE SAME DAY ON RESULTS HIS RECENT TRIP TO VARIOUS OPEC CAPITALS. SADLI REPORTED THAT, ALTHOUGH THERE WAS SUPPORT IN CERTAIN QUARTERS FOR SPECIAL SESSION, GENERAL CONSENSUS FAVORED SIMPLY WAITING UNTIL QATAR CONFERENCE SINCE DECEMBER WAS ALREADY FAST APPROACHING. ACCORDING TO ADIN, SADLI SAID ONE OF THOSE FAVORING SPECIAL SESSION WAS SAUDI'S SHAIKH YAMANI WHICH ADIN AGREED WAS SOMEWHAT CURIOUS IN VIEW OF YAMANI'S PREVIOUS PUBLIC STATEMENTS ON THIS SUBJECT. ADIN SAID OPEC MEMBERS WOULD BE FREE TO MAKE CERTAIN "MARKET ADJUSTMENTS" TO THEIR CRUDES. HE IMPLIED THAT THESE CHANGES COULD TAKE FORM OF ADJUSTMENTS WITHIN RANGE OF FIVE PERCENT. IF THERE WERE ANY "PROBLEMS" RESULTING FROM THESE INTERIM ADJUSTMENTS, IT WAS STILL POSSIBLE THAT SPECIAL MEETING COULD BE HELD.

2. ON SUBJECT OIL PRICE HIKE, ADIN INDICATED THAT ECB CONTINUING DEVELOP INFLATION DATA ON OPEC-MEMBER IMPORTS FROM INDUSTRIAL COUNTRIES IN SUPPORT POSSIBLE PRICE INCREASE. ECB IN AUGUST MEETINGS PROJECTED FIGURES SHOWING GENERAL PRICE RISES OF 20 PERCENT IN 1976 FOR THESE IMPORTS. ADIN ADMITTED THAT DATA COLLECTION AND SUBSEQUENT ECB ANALYSIS WAS NOT TOTALLY SATISFACTORY. NONETHELESS, THIS STUDY WOULD BE USED, PARTICULARLY BY PRICE "HAWKS", AS JUSTIFICATION FOR OIL PRICE INCREASES. LATTER GROUP, HE MENTIONED, WOULD BE ATTEMPTING TO MAKE UP "LOST GROUND" AS RESULT FAILURE LIFT PRICE FREEZE IN BALI.

3. GOI STANCE ON PRICES ALSO APPARENTLY UNDERGOING SOME REVISION. WHEREAS PRESIDENT SUHARTO HAD CALLED FOR INDEXATION OF OIL PRICES WITH RATE OF INFLATION AT BALI CONFERENCE,  
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THERE WAS REALIZATION NOW, ADIN INCATED, THAT EXCESSIVE UPWARD ADJUSTMENT WOULD DAMAGE COMPETITIVENESS OF INDONESIAN CRUDE AT TIME WHEN GOI COULD ILL AFFORD LAG IN OIL EXPORT REVENUES. THEREFORE, WHILE INDONESIA WOULD PROBABLY NOMINALLY SUPPORT MAJORITY IN FAVORING PRICE INCREASE, IN REALITY. GOI WOULD CONTINUE PAST PRACTICE OF GOING ITS OWN WAY ON CRUDE PRICES. HE DENIED PREVIOUS PRESS PREPORTS THAT INDONESIA HAD BEEN ONE OF THOSE OPEC MEMBERS

PUSHING FOR 20 PERCENT INCREASE AT BALI AND THAT, MORE  
RECENTLY, GOI HAD BEEN URGING SPECIAL MINISTERIAL MEETING  
BE CALLED.

4. ADIN CONFIRMED THAT INDONESIA HAD DECIDED TO MAKE  
\$2.5 MILLION CONTRIBUTION TO OPEC'S SPECIAL FUND. NOTING  
THAT GOI HAD PREVIOUSLY DECLINED ON GROUNDS THAT PERTAMINA  
DEBT AND RESULTING ECONOMIC CONDITIONS DID NOT MAKE CON-  
TRIBUTION POSSIBLE, ADIN SAID INDONESIA HAD BEEN "PUSHED"  
INTO CONTRIBUTION BY NON-OPEC MEMBERS OF G-19. HIS  
IMPLICATION WAS THAT INDONESIA'S DECISION WAS PURELY  
POLITICAL IN NATURE DESIGNED TO PROTECT ITS G-19 AND  
OPEC CREDENTIALS.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM INDUSTRY, MINISTERIAL MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 SEP 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Executive Order:** GS  
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